

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

1. The Ural factory in Sofia was established in 1947-48 by the merger of two industrial enterprises, one producing medical instruments and equipment and the other air-conditioning units for factories, through the initiative and pressure of the Union of Soviet Citizens (Soyuz Sovetskii Grazhdani) in Bulgaria. Both enterprises had been operated under the private ownership of two Soviet citizens, emigrants who lived in Bulgaria and had Soviet passports. In order to avert the nationalization of their plants, they agreed to the proposed merger and the subordination of the factory to the Association, which was to collect for its own treasury 10 percent of the factory's gross turnover. The Association took the factory under its protection, ensuring its smooth operation in the future by enjoying all the privileges and the preferential treatment accorded by the Bulgarian authorities to Soviet enterprises. 25X1
2. The combined factory operated the two separate departments with a joint administrative unit and the joint managements of the two owners. The medical instruments plant, first located in Sofia, Osogovo 6, was later moved to Sofia, Ul. Orlandovtsi. The industrial ventilation plant, first located in Sofia, Orkhaniska 72, was later moved to Sofia, Panagyurishte 6-8. The offices were first located in Sofia, Svetasofia 4, presently occupied by the industrial department of the Union of Soviet Citizens, but were also moved to Panagyurishte 6-8.
3. Control over the factory's production and finances was first exercised by the Soviet authority which was in charge of all Soviet (formerly German) property, the Upravlenie Sovetskii Imushtestvo. In 1950, the factory ceased to be subordinated to this authority and became directly connected with the Bulgarian supreme Planning Commission (Planova Komisiya). In contrast with Bulgarian enterprises, the factory has no dealings with the industrial ministries, which cannot interfere with the factory's business. It submits the production plans and raw material requirements directly to the Planning Commission, which approves the necessary allocations of raw materials through the respective import company or a wholesale supply agency.

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4. The main products of the medical branch of the factory are the following: electrical sterilizers, pneumothorax machines, surgical, gynecological and dental instruments, and hospital equipment such as special beds, operating tables, and cabinets. This branch also turns out packings, from copper or asbestos sheets, for cylinder heads of various types of automobiles.
5. The production plan of the medical branch, 25-30 million leva in 1948, reached the amount of 120 million leva in 1952. The approximate production of figures of the main products in 1952 were as follows: sterilizers, to be heated by electric power and by flame, 1000 to 1500 each; approximately 2000 sterilizers; 1000 metal boxes for injectors; 50 operating tables; 3000 special hospital beds; etc. For these products, as well as other items produced in small quantities, orders amounting to 10 to 15 million leva were received from the Ministry of Defense. These included 200-250 extension tables for fracture cases, 500 sterilizers (flame-heated), 20 operating tables, and 200 stretchers. The consignments were always collected by military trucks, with an accompanying officer who was in possession of the necessary authorization from the Ministry. Informant believes that since 1952 the production of the medical branch of the factory is still on the increase.
6. The industrial ventilation branch of the factory produces the following machines: air-conditioning machines for factory halls, industrial ventilators, radiators, deflectors, and heating installations for factories. This department's production plan for 1952 was 150 million leva. Its main customers were the Gorubso mining enterprise in Kurdzhali, which bought 20 boilers of 3000-5000 liters capacity, 40-50 calorifiers, ventilators, deflectors, etc; Sovbolstroy, the joint Bulgarian-Soviet construction enterprise; the Pomuchno Obedenienie; and other central industrial agencies.
7. The total number of workers employed in the factory in 1952 was approximately 250. The medical branch employed 80 to 90 workers, and the industrial ventilation branch approximately 150 workers. There were 10 to 15 administrative employees in the central office and both branches.
8. The raw materials used by the factory, as allocated by the Planning Commission, were received from the same wholesale distributors and under the same terms as supplied to Bulgarian factories. The wholesale prices paid by the factory in 1952 were the following:

	<u>Leva per kg.</u>
a. Sheet iron (0.5 to 4 mm.)	70-75
b. Tin-coated sheet iron (up to 2 mm)	80-85
c. Copper sheets (0.2 to 0.25 mm)	420
d. Brass sheets (0.3-1.5 mm)	350-400
e. Iron bars (6 mm.-18mm)	45-55
f. Bronze (for smelting)	320
g. Asbestos sheets (up to 2 mm)	220-240
h. Roller wire	85
i. Brass wire	350-400
9. When the allocated amounts were insufficient, materials were procured on the free market for prices two or three times higher than the above, and for still higher prices on the black market. Steel wires were unobtainable throughout 1952 and held up the production of several articles.
10. According to Government regulations, the profits allowed to industrial enterprises were divided into several categories. The medical branch of the factory fell into the category which provided for a profit of three percent, while the industrial ventilation branch of the factory was allowed a profit of five percent. Up to a turnover of 130,000 leva, the enterprise is exempt from taxes; from 130,000 to 200,000 leva the taxes amount to eight percent of the turnover; and may reach as much as 60 percent when the turnover is 500,000 leva or above.

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11. The account books of the factory were always falsified in order to conceal the large turnover and evade the government taxes. As a quasi-Soviet enterprise, government control was either non-existent or very perfunctory, the only supervision being exercised by the inspector of the Union of Soviet Citizens, who was also the head of the Union's industrial department. He was fully aware of the falsification of the account books, but there was a silent agreement in this respect. Consequently the official turnover of the factory was not more than half its real turnover. The total amount of taxes paid by the factory in 1951 was not more than 780,000 leva, which is out of proportion to the extent of its business. During 1950-52 the treasury of the Union profited approximately 30 million leva (in old currency) from the factory.
12. On 10 May 1952 the Union canceled the agreement with the owners of the factory and proposed a new one by which the whole property, including the large profits accumulated in the course of the last years and re-invested in the factory, was taken over by the Union. The actual net profit of the factory between 10 May and 31 December 1952 was 12 million leva. The factory now operates under the full ownership of the Union of Soviet Citizens.

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